

Export News and Opportunities

USDA Extends Credit Guarantees to Andean Region, Egypt and Southeast Asia Region

Since October 22, the United States Department of Agriculture (USDA) has authorized credit guarantees for sales of U.S. agricultural commodities to the Andean Region, Egypt, and Southeast Asia Region under the Export Credit Guarantee Program (GSM-102) for FY 2000. USDA authorized \$350 million in credit guarantees for sales of U.S. agricultural commodities to the Andean Region. The Andean Region includes Bolivia, Chile, Colombia, Peru, Ecuador, and Venezuela. USDA also authorized \$100 million in credit guarantees to Egypt and \$90 million to the Southeast Asia Region. The Southeast Asia Region includes Malaysia, Philippines, Thailand, and Vietnam.

Exporters may apply for credit guarantees on a first-come, first-served basis to cover sales of any of the commodities specified in the GSM list of commodities published in FAS program announcement PR 0450-99, issued October 1, 1999, or as superseded. The list of eligible commodities will apply to all individual country and regional announcements unless otherwise stated in the announcements. The following horticultural products are eligible under the export credit guarantee programs for FY 2000: dried fruit; fresh fruit; frozen fruit; canned fruit; 100 percent fruit juices; fruit and vegetable concentrates, pastes, pulps and purees; honey; hops or hops extract; beer; tree nuts; fresh vegetables; canned vegetables; dried vegetables; wine; and brandy. From time to time, this list may be amended as additional commodities become eligible. The allocation does not assign dollar amounts to any of the commodities specified in the GSM list of commodities, providing buyers and sellers maximum flexibility in arranging the size of their transactions within the scope of the overall allocation.

The GSM-102 program makes available credit guarantees for sales of U.S. agricultural commodities overseas. USDA does not provide financing, but guarantees payments due from foreign banks. USDA typically guarantees 98 percent of the principal and a portion of the interest. The GSM-102 program covers credit terms from 90 days to 3 years.

Under the program, once a firm sale exists, the qualified U.S. exporter applies for a payment guarantee before the date of export. The U.S. exporter pays a fee calculated on the dollar amount guaranteed, based on a schedule of rates applicable to different lengths of credit periods. The CCC-approved foreign bank issues a dollar-denominated, irrevocable letter of credit in favor of the U.S. exporter, ordinarily advised or confirmed by the financial institution in the United States agreeing to extend credit to the foreign bank. The U.S. exporter may negotiate an arrangement to be paid as exports occur by assigning the U.S. financial institution the right to proceeds that may become payable under the guarantee, and later presenting required documents to that financial institution. Such documents normally include a copy of the export report.

If a foreign bank fails to make any payment as agreed, the exporter or the assignee may file a claim with USDA for the amounts due and covered by the guarantee. USDA will pay the U.S. bank and will take on the responsibility of collecting the overdue amount from the foreign bank.

Additional information about the GSM-102 program, regulations, country specific press releases and program announcements, and a Monthly Summary of Export Credit Guarantee Program Activity may be accessed on the Internet at:

<http://www.fas.usda.gov/excredits/exp-cred-guar.html>

USDA Extends Supplier Credit Guarantees to Andean Region and Southeast Asia Region

Since October 22, USDA has authorized \$10 million in supplier credit guarantees for sales of U.S. agricultural commodities to the Andean Region and \$50 million to the Southeast Asia Region under the Supplier Credit Guarantee Program (SCGP) for FY 2000. Eligible destinations under the Andean Region include Bolivia, Chile, and Peru. The Southeast Asia Region includes Malaysia, the Philippines, and Thailand.

Exporters may apply for credit guarantees on a first-come-first-served basis to cover sales of any of the eligible commodities. The following horticultural products are eligible under the SCGP: dried fruit; fresh fruit; 100 percent fruit juices; fruit and vegetable concentrates, pastes, pulps and purees; honey; hops or hops extract; tree nuts; fresh vegetables; canned vegetables; dried vegetables; wine; and brandy.

This list of eligible commodities will apply to all individual country and regional SCGP announcements unless otherwise stated in the announcements.

The SCGP is unique because it covers short-term financing extended directly by U.S. exporters to foreign buyers and requires that the importers sign a promissory note in case of default on the CCC-backed payment guarantee. The SCGP emphasizes high-value and value-added products, but may include commodities or products that also have been programmed under the GSM-102 program.

The table on page 28 presents the FY 2000 SCGPs for which USDA has authorized credit guarantees for sales of U.S. horticultural products as of November 19, 1999. Additional information about the SCGP, regulations, country specific press releases and program announcements, and a Monthly Summary of Export Credit Guarantee Program Activity may be accessed on the Internet at:

<http://www.fas.usda.gov/excredits/scgp.html>

The General Sales Manager will consider requests to establish a SCGP and/or GSM Program for a country or region or amend an authorized program to include horticultural commodities and products which are currently not eligible.

The SCGP encourages exports to buyers in countries where credit is necessary to maintain or increase U.S. sales but where financing may not be available without Commodity Credit Corporation (CCC) guarantees. Under the SCGP, CCC guarantees a portion of payments due from importers under short-term financing (up to 180 days) that exporters have extended directly to the importers for the purchase of U.S. agricultural commodities and products. These direct credits must be secured by promissory notes signed by the importers. CCC does not provide financing but guarantees payment due from the importer.

Program announcements which can be accessed on the internet provide information on specific country and commodity allocations, length of credit periods, the required form of promissory note, and other program information and requirements.

(For further information on the SCGP or GSM-102 Program for horticultural commodities, contact Yvette Wedderburn Bomersheim, (202) 720-0911 or Elizabeth Mello (202) 720-9903).

FY 2000 GSM-102 Credit Guarantee Coverage	
Country	Announced Allocation (In Millions of Dollars)
Azerbaijan	5.0
Baltic Region	15.0
Brazil	250
Central America Region	110.0
Central Europe Region	10.0
East Africa Region	35.0
East Caribbean Region	60.0
Kazakhstan	10.0
Korea	590.0
Malaysia	100.0
Mexico	1,500.0
Morocco	10.0
Philippines	100.0
Poland	25.0
Southeast Europe Region	25.0
Southern Africa Region	50.0
Thailand	290.0
Turkey	350.0
West Africa Region	32.0
West Caribbean Region	35.0

FY 2000 Supplier Credit Coverage	
Country	Announced Allocation (In Millions of Dollars)
Baltic Region	5.0
Brazil	10.0
Central America Region	10.0
Central Europe Region	20.0
East Africa Region	5.0
East Caribbean Region	5.0
Israel	20.0
Kazakhstan	5.0
Mexico	100.0
Poland	10.0
South Korea	50.0
Southeast Europe Region	20.0
Turkey	5.0
West Africa	10.0